

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 EB-08 NSC-05 AID-05 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02
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FM AMEMBASSY LISBON
TO SECSTATE WASHDC 3088

C O N F I D E N T I A L LISBON 7254

DEPT ALSO PASS TREASURY FOR SYVRUD

E.O. 11652: GDS
TAGS: EFIN, PO
SUBJECT: BANK OF PORTUGAL ANNOUNCES REPAYMENT OF ESF LOAN

REF: LISBON 7221

1. BANK OF PORTUGAL LATE EVENING SEPT 16 ISSUED PUBLIC RELEASE ON REPAYMENT OF ESF LOAN. TEXT OF COMMUNIQUE (EMBASSY TRANSLATION) IN PARA (3) BELOW.
2. FULL TEXT CARRIED IN SATURDAY, SEPT 17 EDITION OF PRO-GOVERNMENT "DIARIO DE NOTICIAS" WIHOUT COMMENT AND IN SEPT 19 EDITION OF COMMUNIST "O DIARIO". LATTER DAILY REFERS SARCASTICALLY TO ESF OPERATION, WITH CONSEQUENT DECLINE IN PORTUGAL'S GOLD RESERVES, AS EVIDENCE OF U.S. "AID" AND "GENEROSITY" AND CALLS ON GOP TO REVEAL TERMS OF LOAN. "A LUTA" AND "O DIA" CARRIED STRAIGHTFORWARD REPORTS SEPT 17 UNDER RESPECTIVE HEADLINES "FIVE PERCENT OF BANK OF PORTUGAL'S GOLD RESERVES TRANSFERRED" AND "BANK OF PORTUGAL CLARIFIES SITUATION ON GOLD RESERVES."

3. FOLLOWING IS FULL TEXT OF BANK OF PORTUGAL COMMUNIQUE:
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ACCORDING TO A COMMUNICATION DATED FEBRUARY 11, 1977, ISSUED BY THE PRIME MINISTER'S CABINET AND PUBLISHED BY THE PORTUGUESE PRESS, THE UNITED STATES TREASURY GRANTED IN FEBRUARY SHORT-TERM CREDIT FACILITIES TO THE BANCO DE PORTUGAL OF 300 MILLION DOLLARS THROUGH THE U.S. TREASURY EXCHANGE STABILIZATION FUND, IN THE CONTEXT OF A PROGRAM

OF BALANCE OF PAYMENT ASSISTANCE FOR PORTUGAL, THE
FORMALITIES OF WHICH HAVE BEEN REALIZED ACCORDING TO
CONDITIONS WHICH ARE OF PUBLIC KNOWLEDGE.

PART OF THE LOAN, IN THE AMOUNT OF 85 MILLION DOLLARS,
REPRESENTED ADVANCES RELATING TO CREDIT FACILITIES TO BE
EXTENDED BY THE INTERNATIONAL MONETARY FUND; THIS PART
WAS REPAYED ON THE DATES OF UTILIZATION OF SUCH CREDIT
FACILITIES. THE BALANCE DRAWN WAS IN THE FORM OF RECIPROCAL
DEPOSITS OF GOLD BETWEEN THE BANCO DE PORTUGAL AND THE ESF,
WHICH MATURED ON SEPTEMBER 1, 1977. ON THIS DATE, THE
DEPOSITS WERE REVERSED, WHICH BECAUSE OF THE UTILIZATION
MEANWHILE MADE OF THE AMERICAN DEPOSIT DURING THE PERIOD
OF THE CONTRACT, ENTAILED A DROP IN THE RESERVES OF THE
BANK OF PORTUGAL OF 46,205,737 KILOS OF GOLD, WHICH
REPRESENTS ABOUT FIVE PERCENT OF THE RESERVES OF THE BANK
OF PORTUGAL.
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Message Attributes

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